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# How Can Farmer Cooperatives Contribute to Rural Development?

3 Prize-Winning Essays

Farmer Cooperative Service  
U.S. Department of Agriculture

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This leaflet gives the three prize-winning papers of the second essay contest sponsored by Farmer Cooperative Service. The subject was "How Can Farmer Cooperatives Contribute to Rural Development?"

This contest was open to all employees of Farmer Cooperative Service other than Division Directors. It was conducted to stimulate F.C.S. staff thinking on the meaning and significance of our work.

The 11 papers submitted were judged by the Division Directors, with only a number to identify each entry. Because of the worthwhile content of the winning essays we are putting them in this form for wider circulation. --

Joseph G. Knapp, Administrator  
Farmer Cooperative Service  
U. S. Department of Agriculture

## First Place Winner

*by French M. Hyre*

*Chief, Farm Services Branch*

**I**n the long run, cooperatives will make their greatest contribution to rural improvement by concentrating on programs that help farmers become more efficient in their production and marketing activities. The improvement of farm income should continue to be their number-one objective. However, in pursuing this objective, cooperatives can do many things that contribute to the betterment of the whole community of which they are a part.

For example, by adding to the farmers' income, cooperatives can indirectly provide additional business for local banks, stores, garages, and other business houses on Main Street.

By giving the farmer more bargaining power, cooperatives can help to maintain our system of family type farms which is universally recognized as a desirable feature of rural communities.

By operating local marketing and processing facilities, cooperatives can (1) furnish nearby markets for producers; and (2) provide employment for nonfarm workers.

Through the payment of real estate taxes, cooperatives help support local

schools, roads, and other public facilities. In some counties, the cooperative is the largest single taxpayer.

Competition provided by cooperatives helps to keep handling costs and margins of businesses other than cooperatives at reasonable levels. Furthermore, cooperatives can serve as a yardstick for determining what these handling costs and margins ought to be.

Cooperatives can help to develop rural leaders. By serving on committees, boards of directors, and as officers of cooperatives, farm people gain experience that helps them assume positions of leadership in the local community.

Cooperative cold storage locker plants are used by both farm and non-farm people, and provide a convenient means of processing and storing locally grown food supplies.

Cooperative "farm and garden" stores in rural areas adjacent to towns and cities serve the needs of farmers, part-time farmers, and suburban dwellers. There is room for more of these.

Electric cooperatives have (1) added to the farmers' productive efficiency; (2) made the rural community a much nicer place in which to live; and (3) helped to attract industry and business to rural areas, thus providing additional jobs for rural people.

Cooperatives can join with other groups in establishing community hospitals to serve both farm and non-farm people. This has been done successfully at Elk City, Okla., and a few other places.

Cooperatives can help to promote 4-H Club work by sponsoring public speaking or essay contests; they can aid the local vo-ag teacher by permitting him and his class to use the cooperative as a laboratory; and they can help with county fairs by setting up educational exhibits.

Cooperatives can help to promote goodwill and better understanding between farm and city people by participating in community affairs through membership in the Chamber of Commerce, Rotary Club, and other local service organizations.

Cooperatives can contribute to rural improvement by serving on Rural Areas Development committees and helping to plan local programs that will bring new employment and additional income to the community.

These are a few of the many ways in which cooperatives can contribute to rural improvement.

## Second Place Winner

*by Donald R. Davidson  
Dairy Branch*

**C**ooperatives can contribute the strong thrust needed to boost our lagging rural economy. From these member-owned organizations can come the ideas, drive, personnel, and technical knowledge needed to launch successful rural improvement programs.

Significantly, rural people cannot turn to outside sources for the solution to their economic problems. Although incentive and advice may be given, only the local communities involved, utilizing all the tools at their command, can carry through programs aimed at economic revitalization.

One of the strongest forces at their command are the farmer cooperatives already located in scores of rural communities. These cooperatives are working examples of what has been accomplished through local initiative. Where farmers have created a sound cooperative, they have increased their per capita income, kept money in the community to be spent with local businesses, supplied full-time or part-time jobs for farm and nonfarm workers, and provided training in technical and managerial skills -- all aims of rural improvement.



Although cooperatives have accomplished much for farmers and other rural people, the poverty and under-employment still persisting in many parts of rural America indicate that this type of organization can and must do more. One of the most promising courses of action lies in providing more initiative and leadership in the communities they serve.

This calls for reorientation. Although farmers are still the backbone of rural America, farmers' cooperatives will need to broaden their outlook and objectives to consider all people living in rural areas--two of every five Americans.

The crying need in rural areas today is to redirect the wealth of resources, both human and natural, to more profitable paths where greater demand exists. In many areas, this means putting land into recreation and conservation uses, initiating new jobs and industries, and broadening educational and cultural opportunities.

To raise their sights and aim more successfully at helping solve the long-range economic problems facing all members of the rural community, farmer cooperatives must be willing to change and, in many cases, change markedly. Some cooperatives will need to expand and diversify operations to provide additional services to the rural community.

Other smaller cooperatives will need to consolidate or merge to carry

out broader programs. And many new cooperatives will need to be organized.

Most important, this new tenet of total rural involvement calls for all cooperatives to work more closely together as a team, to gain a clearer understanding of mutual goals, and to coordinate and integrate their activities more than ever before.

To help farmer cooperatives serve all of rural America more efficiently, Farmer Cooperative Service provides technical assistance to individual cooperatives, supplies educational material to help rural people help themselves through their associations, and carries on research into basic problems cooperatives face in improving rural communities.

FCS is a member of the Department's Rural Areas Development team which is pledged to a new concept of rural aid--that of blending available programs into a comprehensive, persistent attack on all problems besetting rural America. Cooperatives belong in the forefront of this concerted effort.

## Third Place Winner

*by John J. Scanlan  
Chief, Poultry Branch*

Just about everything," was Andy's inclusive answer to my question when I asked him what the Hamilton Farm Bureau Cooperative, Inc., has meant to his community--to both the town and farm people.

"That covers a lot of ground," was my rejoinder, encouraging my general manager friend to expound and expand on what sounded like a bold statement.

Respond he did--and quickly.

"In fact," he continued, "it is the community. It is the heart and the lifeblood of our village and adjacent farming area. Without it our town would dry up and the farm business would go elsewhere -- but there would be less farm business to go elsewhere for the cooperative puts millions of dollars into this community. Let me explain."

Andy went on to tell how his multi-service farmer cooperative, organized in 1920, had become the largest and most important business in the town.

In this town of 850 people, it has furnished employment for many families for over 40 years. It gives jobs to as many as 200 employees, with

a 52-week average of 115, and has a weekly payroll of nearly \$10,000. The payroll for 1962 will be nearly a half million dollars. This payroll is created by the cooperative, and it all goes to local town and country folk.

In addition to this large amount for salaries and wages, in 1961 the cooperative paid \$24,000 for power and fuel, \$33,000 to local banks for interest, and \$48,000 in taxes.

While the association has done much in the way of payroll and other local expenditures, its most important contribution is to its members who live on nearby farms and who, as farmers, spend large sums in the town for farm, household, and other supplies and services. The association does a business with these farmers, most of whom live within 10 miles of its headquarters, of nearly \$5 million a year.

It is difficult, as Andy explained, to measure in dollars and cents the value of a cooperative to its members in lowering the local price level of farm supplies and the cost of services received and in boosting the price levels for products the farmer members sell. However, one tangible measure of financial benefits obtained is savings made for members and patrons. Andy's annual reports showed the association had paid out \$1.8 million in cash refunds over the years and had total savings of \$2.5 million.

The association also has taken an active part, and supplied leadership,

in such community activities as school boards, youth movements, church activities, community councils, and in the recent establishment of a staffed community medical clinic.

That Andy's cooperative has made important contributions to improving the rural community did not strike me as unusual. Scores and even hundreds of other cooperatives could be cited to show similar contributions. And, like Andy's, they too can be proud of the economic and social contributions they have made to their communities.

## Other Publications Available

Cooperatives in the American Private Enterprise System. Information 24.

Co-ops Have a Place in Rural Community Progress. Information 23.

Providing Equitable Treatment for Large and Small Members. Information 21, Irwin W. Rust.

How the Work of F.C.S. with Farmer Cooperatives Contributes to the National Interest. Information 25.

How Farmer Cooperative Service Works. Information 26.

Stepping Stones to Good Member Relations. Information 29, Luther E. Raper, Southern States Cooperative.

Cooperative Destiny -- It's Up To You! Information 30, Joseph G. Knapp.

The Story of Farmers' Cooperatives. Educational Circular 1.

Forming Farmer Cooperatives. Educational Circular 10.

Sizing Up Your Cooperative. Educational Circular 11.

A copy of these publications may be obtained upon request while a supply is available from --

Information Division  
Farmer Cooperative Service  
U. S. Department of Agriculture  
Washington 25, D. C.



